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THE WORK OF THE FEDERAL BUREAU OF LABOR STATISTICS IN ITS RELATION TO THE BUSINESS OF THE COUNTRY

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The Federal Bureau of Labor Statistics is generally thought of as a governmental agency endowed with purely inquisitorial functions which enable it to pry into employers' payrolls and do certain other rather disagreeable things. The statistical output of the Bureau is not usually thought of as especially helpful to business. At times employers have even refused to coöperate with the Bureau in making investigations, on the ground that business would be injured by publishing the information sought. In almost every instance, however, such opposition on the part of employers has disappeared when the studies which had been considered objectionable have appeared in print.

In general it can be maintained that the publications issued by the bureau, now known as the Bureau of Labor Statistics, although intended primarily to inform the public of labor conditions, regardless of the effect upon business, have aided business immeasurably by showing that the employer who deals justly with his workers can produce better goods and services at lower prices than the employer who depends for his profits upon low wages, long hours, and bad working conditions. While much has been done by the Bureau of Labor Statistics in the past to instruct both employers and employees in the science and art of coöperation, which confers benefits upon both, vastly more remains yet to be done along that line.

Since taking charge of the Bureau of Labor Statistics it has been and will continue to be my earnest endeavor to win the coöperation of employers in our investigations with the view of making our studies more helpful to them and at the same time making these studies more useful to the public. There are hundreds of methods and practices outside the realm of trade secrets, which are in use by the most successful employers, which make for greater factory

efficiency, greater contentment among workers, greater spirit of coöperation, fewer labor disputes, and consequently greater economies in production. With all the improvements introduced in industry, it still remains true that in all except a very few of the most up-to-the-minute and forward-looking establishments, industry is still carried on by the old haphazard rule-of-thumb methods as regards dealing with labor and the theory and practice of accountancy of labor costs. American employers in some industries have to a limited extent standardized shop practices in the treatment of machines, tools, raw materials, and finished products. The accountancy department is requiring of factory and department managers a full accounting of material things to the last item in the regularly recurring Day of Judgment when the goat-managers are separated from the sheep-managers. These periodical days of reckoning have a terrifying but wholesome influence upon managers in their dealing with the material agents of production. They tend to have an equally terrifying but unwholesome influence upon the managers' relations with the human beings who labor with these material agents. With comparatively few exceptions, where attempts have been made to keep records of labor costs, the worker has been treated in a most unintelligent manner. A study of the systems of "hiring and firing" in use almost universally indicates that managers generally seem to regard the workman as a peculiar kind of peripatetic machine which installs and removes itself when and where needed without cost to the employer, needs no oil or attention, and scarcely ever is worth conserving or safeguarding because so easily replaceable when broken or worn out. This is a severe indictment of the methods of most employers in dealing with labor, but it is made with deliberation after carefully weighing the facts. A knowledge of the facts must force an impartially-minded person to exactly this conclusion. How else can the perfectly torrential flow of labor through shop and factory be explained? How else can be explained the almost universal lack of any adequate system of training inside or outside the shop or factory to fit workers for jobs? How else can be explained the failure of employers to grasp the importance of guarding against accidents until they were forced to recognize it by workmen's compensation legislation? Why do not employers now exercise a similar concern in safeguarding their employees from exposure to industrial poisons and occupational

diseases? Why draw a distinction between disablement due to an unguarded gear and disablement due to the inhaling of lead carbonate dust? Why enclose shafts, flywheels and belts, while allowing poisonous fumes and lung-destroying dusts to escape at will into the air breathed by operatives?

The need for improved standards in methods of dealing with the human factor in industry cannot be gainsaid. The dissemination of information bearing on labor, the presentation of the facts which will enable employers to contrast the statistical results of the different systems and methods of dealing with labor, is of the utmost importance and benefit to business. The Spencerian theory of government as the smallest possible big policeman whose sole function shall be keeping order, enforcing the rules of the individualistic competitive game, and preventing the different gamesters from committing arson, burglary and murder, cannot be defended. One of the most important of all functions of government is the inculcation of higher business morals and teaching better and more economical business methods. As I conceive the duties of the Commissioner of Labor Statistics, it is my business to turn the searching light of publicity into the farthest and darkest corners of industry, to make known the successes of enlightened policies of dealing with labor, to show up wrongdoers, whether they be employers of workers or workers of employers, to aid every endeavor to raise the ethical standards that obtain in the dealings between employer and employee, to bring about kindlier feelings between master and man, and to foster the spirit of coöperative endeavor throughout all industry.

The different lines of work now carried on by the Bureau of Labor Statistics vary considerably in their value to business men.

The statistics of wholesale prices enable one to trace price changes in more than 300 important commodities in the principal primary markets of the country, while the relative prices and index numbers made from the money prices show the trend of prices through the period from 1890 to the present. The general wholesale price index number is recognized as the indicator of the direction and extent of change in the level of wholesale prices. Wholesale index numbers, of course, are of most value to students who are seeking to discover, if possible, the laws governing price fluctuations. In so far as the business man is obliged to estimate future price changes,

he will find the study of past price movements, as shown by wholesale price statistics and index numbers, profitable.

In the year 1914 the price quotations have been increased in number, the commodities carried have been more accurately defined, and more markets have been included. The method of calculating the index numbers has been thoroughly revised, in order to show more accurately actual price movements. It is my intention, if appropriations permit, to publish the indexes half yearly or quarterly, so as to render them more useful for study and comparison.

Retail price statistics and index numbers based thereon are used in wage disputes to show changes in the cost of the laborers' food budgets. The employer is as vitally interested in accurate retail price indexes as is the employee. The method of calculating the retail price indexes has been changed so as to reflect more accurately changes in the cost of the worker's budget. The number of articles for which price quotations were formerly obtained was 15, all of them articles of food. The number of food commodities now being reported to the Bureau is 30, while 8 cloths and clothing have been added. The number of cities has been increased from 39 to 42, and the number of stores reporting has also been increased. It is planned to publish the retail price indexes every month in the *Monthly Review*, thereby greatly enhancing the value of these indexes.

Statistics of hourly rates of wages and weekly hours of labor are useful to show differences in rates and hours from place to place, from time to time, from industry to industry, and from occupation to occupation. This information is used in practically every important wage dispute in the country. These studies are being made both more extensive and more intensive. One of the most valuable things both to employer and employee shown by these studies is the fact that high wages are not synonymous with high costs of production, nor low wages with low costs. It is important that more industries should be covered in these wage studies and the facts made public more promptly, if employers and employees are to realize the full value of these studies.

In connection with the wages and hours of labor studies, the bureau's agents are now taking the actual earnings of all employees during one typical pay period and the number of employees and the amount of all payrolls throughout the year. Going after this in-

formation has revealed a most astonishing state of affairs to me. Scarcely an employer knows how many men are on his payroll at any given time. Still less does the employer know how many men are required to run his establishment during a normal period of activity. All he knows is the amount of money he pays out for labor. He does not know how much net return he gets from labor, how much it costs to keep up the supply of labor, how much damage occurs to men and machinery because of the ill-devised and shockingly wasteful system of "hiring and firing" men in a steady stream with no attempt to try them out, fit them in, train them, and keep them. This astounding state of affairs led me to undertake an investigation of the turn-over of labor in establishments. Because of the magnitude of the undertaking it was necessary to limit the study to those establishments having employment bureaus in operation for some months at least—the longer, the better. This study when completed will, I think, show some most painfully interesting and most profitably disillusioning findings. If it has no other result than to show the majority of business men how little they know about the labor end—the most important end—of their business, the time and effort will not have been spent in vain.

All this suggests the practicability and advisability of perfecting a system of accountancy that will show the tired business man where he really stands in respect to labor costs. If it is worth while setting expensive men at work to devise a way of converting dirty, rancid grease into nice, wholesome, golden butterine, it ought to be worth while to try to convert nomadic, low-wage, expensive labor into steady, well-paid, cheap labor—cheap because selected, trained, efficient and steady.

The studies made by the Bureau of Labor Statistics also show that shortening the hours of labor has not thus far meant lengthening the labor cost sheet. Quite the contrary result has followed cutting out the seven-day-week, granting the Saturday half-holiday, and nipping off the last hour or half-hour from a long, fatiguing day. Yet in the face of this experience in the best factories, many employers run their businesses as if profits depended upon driving their employees at the maximum speed for the maximum number of hours per week.

Among the most valuable studies to employers and employees alike are the intensive investigations into unemployment in New

York City and twenty-seven other cities of the country. A study was made by the Bureau of Labor Statistics last February of the working families of New York City, showing the percentage of unemployment existing at the date of the agents' visit. The Metropolitan Life Insurance Company made a similar investigation a few weeks earlier. The results corresponded so closely that the Metropolitan Life Insurance Company has been employed to make similar studies in twenty-seven other cities. During the month of August, 1915, the bureau made another study of unemployment in New York City, which was again checked up against a study by the Metropolitan Life Insurance Company made at the same time. These studies constitute the beginning of what should be carried as a regular series of reports by the Bureau of Labor Statistics. The importance of knowing at short intervals the numbers out of work in all the more important occupations and industries, can scarcely be overestimated. The cost of collecting, tabulating, and interpreting the facts regarding unemployment is so great as to make it necessary to limit this work very narrowly. The Bureau of Labor Statistics should be in a position to give the fullest information to employers, employees, and the public as to numbers employed and unemployed. Until the Bureau is able to do this, the causes of unemployment cannot be combated successfully and the federal, state and municipal employment offices will work more or less in the dark.

The bureau is now getting returns from employers in the textile, boot and shoe, and iron and steel industries, giving the numbers on the payroll and the amounts paid out during the payroll period nearest the fifteenth of each month. Returns will also be secured from public employment offices showing the number of applicants for positions, the number of jobs offered and the number of places filled each month. Later on, I hope to be able to get reports from trade unions, stating the number unemployed in the various locals throughout the country. These figures gathered from the various sources, supplemented by intensive studies by the method of sampling of the employment situation in the more important centers, should give us a very fair picture of the amount of employment and unemployment in the United States.

Very closely akin to unemployment are irregularity of employment, alternate overemployment and underemployment. The

studies of the Bureau of Labor Statistics into the seasonability and irregularity of employment in certain industries are of great value in pointing out ways of smoothing out the employment curve by organizing the labor market, securing orders long in advance, stabilizing demand, fitting together industries having different seasons of activity, and mitigating the wild extremes of fashion fads. The employer profits as well as the employee and the public by steady all-the-year-around work.

The several studies of vocational education show the need of such training for both girls and boys, while making clear the dangers to be avoided and the way to avoid them. A really successful vocational education system is possible of attainment only by means of the hearty coöperation of both employers and employees with the public. Employers and employees are the best judges of the kind of industrial instruction needed and whether it can best be given in the public school or in the shop. Such studies as the Vocational Education Survey of Richmond, Va., which constitutes Bulletin 162 of the Bureau of Labor Statistics, are needed in other cities, to furnish the basis of facts for the development of the right kind of vocational education.

The studies of woman and child labor have proven that cheap labor may be so cheap as to be burdensomely expensive. Most manufacturers at first oppose vehemently all legislation designed to protect woman and child workers against exploitation, starvation wages, long hours and unsuitable employment. After such legislation has been in operation for some years, it comes to be recognized that it is better for business to allow the child to grow up and be trained, to pay living wages to women, and to prohibit women and children from working in certain occupations.

Studies of industrial accidents and occupational diseases, showing the high cost to industry of injuries suffered by workers and how the number and severity of industrial casualties had been reduced in foreign countries and in some plants in this country, gave a great incentive to the Safety First movement. Manufacturers of lead paints and lead glazed pottery in particular were amazed when confronted by the figures giving the number of cases of lead poisoning among their workers side by side with European experience. Lead poisoning had always been regarded in these industries as a dispensation of Divine Providence, that never occurred except by the

gross negligence of the worker. When the employers were shown that they were destroying the health and the lives of their employees and how inexcusable and expensive it all was, they began to sit up and take notice. The publishing of the facts regarding other industrial poisons, the causes of accidents and of diseases among workers, has had similar results. Much has been done following these studies of health and bodily hazards, to render industry safer and less fatiguing, but more remains to be done.

The Safety First movement has scarcely reached the attention of the small manufacturer. Even the larger employers are not able to determine exactly where they stand because of the chaotic state of our accident statistics. The Bureau of Labor Statistics is working in coöperation with the state bureaus of labor and industrial commissions to standardize the statistics of accidents and occupational diseases, so as to put these statistics on a comparable basis for all states. This will greatly help in the administration of workmen's compensation laws. For purposes of industrial casualty statistics, a classification of occupations grouped by industries has been completed. Committees appointed by me are now at work on the classification of causes of accidents and the classification of the nature, extent and location of injuries. Employers and their representatives have attended the conferences in which these matters were discussed, thus showing that they are fully alive to the importance of these classifications. When these classifications are completed, comparisons of the statistics of accidents and diseases can be made for the whole country, by industries and occupations, by states and localities, by causes, and by results. Then the Safety movement and the administration of workmen's compensation laws will be systematized and the cost through accidents and disease reduced to the minimum.

Some states have set up standards for safety devices, fire alarm apparatus, automatic sprinklers, exhaust fans, and the like. It is of the utmost importance that such standards be standardized for the whole country. It is equally important that standards of factory hygiene and sanitation be established and the methods of using poisonous materials in industry shall be prescribed. Letters come to the Bureau of Labor Statistics every day making inquiry as to safety devices, sanitary standards, and industrial poisons. Accurate information on these subjects is worth millions to industry.

The studies of strikes and lockouts, mediation and arbitration cases, and the results achieved under trade agreements which provide machinery for settling labor disputes without recourse to the expensive and irritating expedient of open war, show the possibilities of conducting business peacefully on business lines. The principles of collective bargaining are just as applicable to coal mining and steel making as to the manufacture of clothing. The old policies of antagonism, belligerency, and warfare must give way to the policies of coöperation, mutual understanding and peace.

From this brief statement it will be seen that nearly all the activities of the Bureau of Labor Statistics are directly helpful to a greater or less degree to the business and industry of the country. If the bureau is allowed to extend its work along the lines I have indicated, it will become continually more helpful.